

**THIRTY-EIGHTH**

**ANNUAL REPORT OF THE BOARD OF DIRECTORS**

**OF THE**

**LAKE SHORE AND MICHIGAN SOUTHERN**

**RAILWAY COMPANY**

**TO THE STOCKHOLDERS**

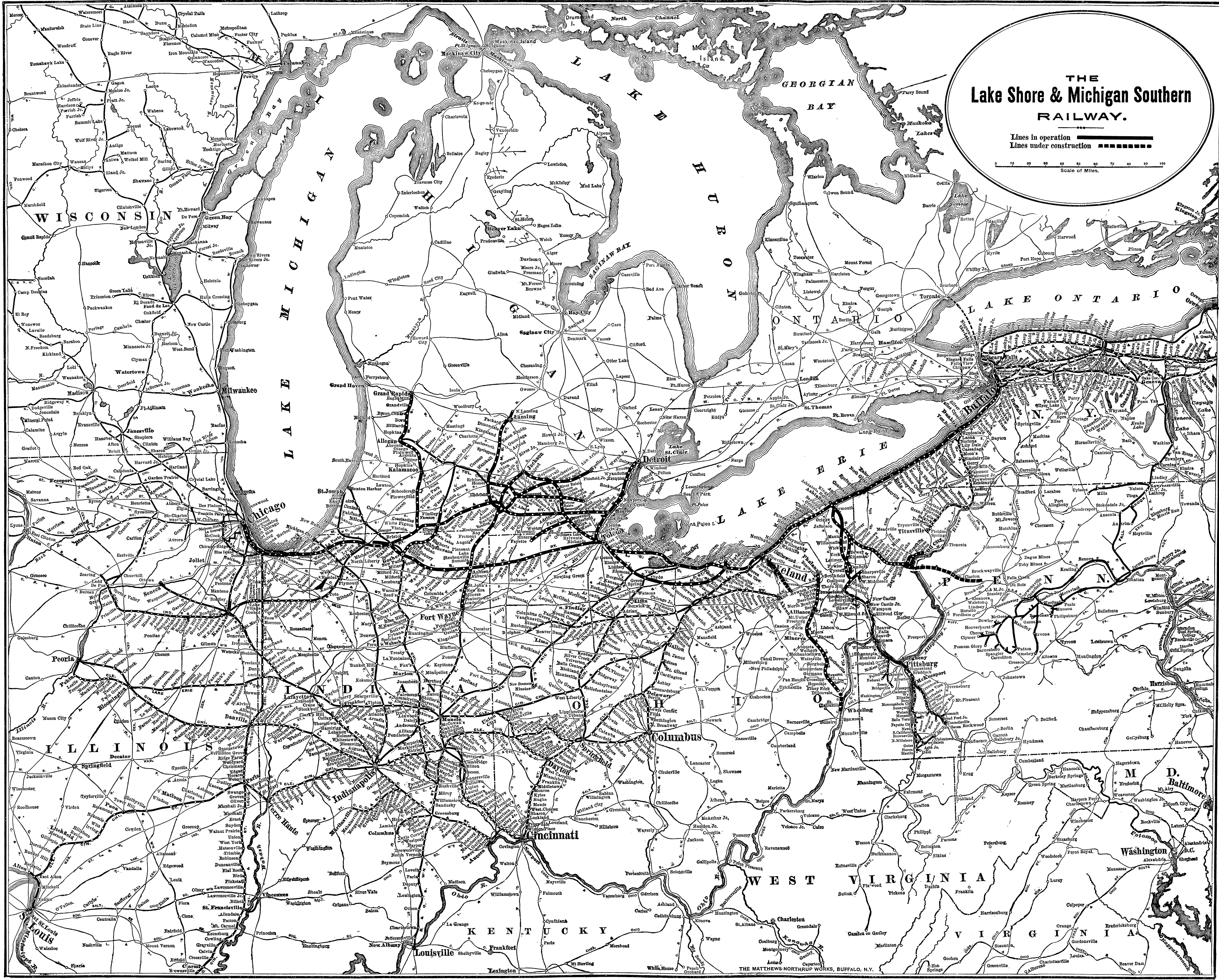
**FOR THE YEAR ENDED**

**DECEMBER 31 1907**



**CLEVELAND  
OHIO**





**THE**  
**Lake Shore & Michigan Southern**  
**RAILWAY.**

Lines in operation —————  
Lines under construction - - - - -

0 10 20 30 40 50 60 70 80 90 100  
Scale of Miles.

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LAKE SHORE AND MICHIGAN SOUTHERN  
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FOR THE YEAR ENDED

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CLEVELAND  
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# ORGANIZATION OF THE LAKE SHORE AND MICHIGAN SOUTHERN RAILWAY COMPANY

## DIRECTORS

J. PIERPONT MORGAN	} Terms Expire May 1908	WILLIAM K. VANDERBILT	} Terms Expire May 1909
DARIUS O. MILLS		HAMILTON McK. TWOMBLY	
GEORGE F. BAKER		SAMUEL F. BARGER	
W. SEWARD WEBB		WILLIAM ROCKEFELLER	

FREDERICK W. VANDERBILT	} Terms Expire May 1910
WILLIAM K. VANDERBILT, JR.	
CHAUNCEY M. DEPEW	
WILLIAM H. NEWMAN	
WILLIAM C. BROWN	

## EXECUTIVE COMMITTEE

CHAUNCEY M. DEPEW, *Chairman of the Board of Directors\**

WILLIAM H. NEWMAN, *President\**

WILLIAM K. VANDERBILT	HAMILTON McK. TWOMBLY
FREDERICK W. VANDERBILT	SAMUEL F. BARGER
WILLIAM ROCKEFELLER	J. PIERPONT MORGAN

WILLIAM C. BROWN

\*Members ex-officio

## OFFICERS

President	WILLIAM H. NEWMAN	New York
Senior Vice President	WILLIAM C. BROWN	New York
Vice President	EDWARD V. W. ROSSITER	New York
Vice President	JOHN CARSTENSEN	New York
Vice President	CHARLES E. SCHAFF	Chicago
Vice President	ALBERT H. HARRIS	New York
Vice President	CHARLES F. DALY	New York
Secretary	DWIGHT W. PARDEE	New York
Treasurer	CHARLES F. COX	New York
General Manager	DEWITT C. MOON	Cleveland
General Counsel	GEORGE C. GREENE	Cleveland
General Attorney	FRANK J. JEROME	Cleveland
Auditor	RICHARD M. HUDDLESTON	Cleveland
Local Treas. and Assistant Secretary	RUDOLPH P. AHRENS	Cleveland
General Superintendent	JOHN J. BERNET	Cleveland
General Freight Traffic Manager	BARRETT B. MITCHELL	Chicago
Freight Traffic Manager	GEORGE H. INGALLS	Chicago
Passenger Traffic Manager	WARREN J. LYNCH	Chicago
General Passenger and Ticket Agent	JOHN W. DALY	Cleveland
Chief Engineer	SAMUEL ROCKWELL	Cleveland
General Superintendent Motive Power, Rolling Stock & Machinery }	JOHN F. DEEMS	New York
Superintendent Motive Power	LEGRAND PARISH	Cleveland
General Purchasing Agent	FRANCIS H. GREENE	New York
Purchasing Agent	G. RAYMOND INGERSOLL	Cleveland

The annual meeting of stockholders for the election of directors is held in the city of Cleveland, Ohio, on the first Wednesday in May.



# REPORT

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*To the Stockholders of*

THE LAKE SHORE & MICHIGAN SOUTHERN RAILWAY COMPANY:

The Board of Directors herewith submits its report for the year ended December 31st, 1907, with statements showing the results for the year and the financial condition of the company.

The mileage embraced in the operation of the road is as follows:

	Miles
Main line	878.63
Proprietary lines	224.13
Leased lines	417.59
Total	<u>1,520.35</u>

There were no changes in the mileage of road operated during the year.

A statement showing in detail the miles of road and track operated will be found upon another page.

There was no change in capital stock during the year, the amount authorized and outstanding December 31st, 1907, being

\$50,000,000.00

The funded debt outstanding on December 31st, 1906, was

\$135,404,000.00

It has been decreased during the year as follows:

By the purchase and retirement of first mortgage bonds of the Detroit, Monroe & Toledo Railroad Company, being the balance of \$924,000.00 which matured August 1st, 1906,

4,000.00

Total funded debt December 31st, 1907,

\$135,400,000.00

In addition to the above there was issued and sold during the year this company's five per cent. gold notes dated February 1st, 1907, and maturing February 1st, 1910, amounting to

\$ 15,000,000.00



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There were sold during the year 1,000 shares of stock of the East Chicago Belt Railroad Company and 5,000 shares of stock of the Indiana Harbor Railroad Company of Illinois.

There were purchased during the year 70,596 shares of the common stock of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, 656 shares of stock of the Merchants Despatch Transportation Company, 1,800 shares of the preferred and 1,800 shares of the common stock of the Chicago, Kalamazoo & Saginaw Railway Company, 1 share of stock of the Mahoning State Line Railroad Company and 12,250 shares of stock of the Indiana Harbor Belt Railroad Company.

To obtain the locomotives and cars necessary for their immediate requirements, the Lake Shore & Michigan Southern Railway Company, together with the New York Central & Hudson River Railroad Company, the Michigan Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the Chicago, Indiana & Southern Railroad Company, has become a party to an equipment trust agreement and lease, dated November 1, 1907, known as "New York Central Lines Equipment Trust of 1907." This agreement provides for an issue of \$30,000,000.00 of equipment trust certificates; being ninety per cent. of the total cost of the equipment to be furnished under the terms of said agreement. The cost of the equipment to be leased under the terms of the agreement by this company will approximate \$7,500,000.00. Certificates representing ninety per cent. of the cost of the equipment delivered prior to December 31, 1907, to all of the railroad companies parties to the agreement, were issued, and this company purchased \$3,341,000.00 of such certificates. Delivery of the balance of the locomotives and cars to be furnished under the "trust" agreement will be made during 1908, and the annual report for that year will contain full particulars concerning the character and cost of the equipment.

An agreement was entered into between this company and the Pullman Company, providing for Pullman car service for twenty-five years from January 1st, 1905; also an agreement with The Western Union Telegraph Company, providing for telegraph service for thirty years from January 1st, 1906. These contracts supersede all prior agreements with those companies, and are more favorable in their terms to the railroad company.

*The Lake Shore and Michigan Southern Railway Company*

**SUMMARY OF FINANCIAL OPERATIONS AFFECTING INCOME**

EARNINGS FROM OPERATION	1907 1520.35 miles operated	1906 1520.35 miles operated	Increase	Decrease
From freight	\$31,111,482.12	\$29,762,197.11	\$ 1,349,285.01	
From passengers	9,769,872.95	8,715,702.74	1,054,170.21	
From express	1,168,090.82	1,102,750.25	65,340.57	
From mails	2,224,769.59	2,287,254.04		\$ 62,484.45
From rents	604,726.17	594,623.99	10,102.18	
From miscellaneous	74,533.37	81,850.25		7,316.88
Totals	\$44,953,475.02	\$42,544,378.38	\$ 2,409,096.64	
EXPENSES OF OPERATION	(65.72%)	(64.06%)	(1.66%)	
Maintenance of way and structures	\$ 6,328,637.72	\$ 5,322,562.97	\$1,006,074.75	
Maintenance of equipment	6,044,154.56	5,843,734.29	200,420.27	
Conducting transportation	16,350,910.59	15,376,192.50	974,718.09	
General expenses	820,644.40	709,588.01	111,056.39	
Totals	\$29,544,347.27	\$27,252,077.77	\$ 2,292,269.50	
New construction (addition betterments)	4,082,988.44	4,221,845.96		\$ 138,857.52
New equipment (additions)	911,125.60	1,201,877.42		290,751.82
TOTAL EXPENSES	\$34,538,461.31	\$32,675,801.15	\$ 1,862,660.16	
Net Earnings	\$10,415,013.71	\$ 9,868,577.23	\$ 546,436.48	
OTHER INCOME				
Interest and dividends on stocks and bonds owned	4,530,005.00	3,770,212.52	759,792.48	
Interest on loans and deposits	1,186,414.66	383,292.84	803,121.82	
Totals	\$ 5,716,419.66	\$ 4,153,505.36	\$ 1,562,914.30	
Gross Income	\$16,131,433.37	\$14,022,082.59	\$ 2,109,350.78	
FIRST CHARGES				
Interest on funded debt	\$ 5,170,000.00	\$ 4,428,292.45	\$ 741,707.55	
Interest on gold notes	616,118.08		616,118.08	
Rentals of leased lines	1,420,243.93	1,450,186.00		\$ 29,942.07
Interest on loans	163,790.82	165,002.35		1,211.53
Dividends on guaranteed stock	74,690.00	53,350.00	21,340.00	
Taxes	1,300,874.66	1,438,639.71		137,765.05
Totals	\$ 8,745,717.49	\$ 7,535,470.51	\$ 1,210,246.98	
Net Income	\$ 7,385,715.88	\$ 6,486,612.08	\$ 899,103.80	
Dividends, 14 per cent.	6,925,310.00	4,946,650.00	1,978,660.00	
Surplus	\$ 460,405.88	\$ 1,539,962.08		\$ 1,079,556.20
To the surplus for the year:—				\$ 460,405.88
there should be added:				
Net profit in adjustment of sundry accounts				46,323.83
				\$ 506,729.71
Amount to the credit of profit and loss, December 31, 1906				17,298,529.32
		Balance December 31, 1907		\$17,805,259.03

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The gross earnings for the year were \$44,953,475.02, an increase of \$2,409,096.64 as compared with last year.

The freight earnings were \$31,111,482.12, an increase of \$1,349,285.01. This increase is due principally to the large increase in tonnage of manufactured commodities handled.

Passenger earnings were \$9,769,872.95, an increase of \$1,054,170.21.

The earnings from mail, express, rents and miscellaneous for the year amounted to \$4,072,119.95, an increase of \$5,641.42. Express earnings increased \$65,340.57, mail earnings decreased \$62,484.45 due to reduction in compensation allowed by the government.

The operating expenses for the year amounted to \$29,544,347.27, an increase of \$2,292,269.50.

Maintenance of way and structures increased \$1,006,074.75, due principally to heavy repairs and renewals to bridges, to renewal of a greater number of cross ties, and to increase in rate of pay for labor.

Maintenance and renewals of equipment increased \$200,420.27, principally on account of increase in rate of pay to shop employees.

Conducting transportation increased \$974,718.09. With the exception of car mileage and hire of equipment, which show a large decrease as compared with last year, the increase is distributed among the various items under this heading, and is due principally to heavier volume of traffic and increase in rate of pay of train and station employees.

General expenses increased \$111,056.39, due principally to increase in clerical force and to expenses occasioned by additional requirements as to reports, etc., for the Interstate Commerce Commission and State Commissions.

The income from investments for the year was \$5,716,419.66, an increase of \$1,562,914.30, due to additional revenue on stocks owned and to interest on sundry loans.

The first charges increased \$1,210,246.98. This is due to interest on Gold Bonds sold the latter part of last year and to interest on Gold Notes sold during the current year.

There was expended for new construction and charged against income, the sum of	\$4,082,988.44
There was expended for additional equipment and charged against income, the sum of	911,125.60
Total	<u>\$4,994,114.04</u>

Included in the charges against income for new construction are extraordinary expenditures account of the continuation of the work in connection with the four-tracking and new block signal system of the main line and various other improvements to the property.

*The Lake Shore and Michigan Southern Railway Company*

The following amounts were expended for new equipment, new structures, tracks, etc., in addition to renewals and charged to the year's income.

## FOR ADDITIONAL EQUIPMENT PURCHASED

Freight cars	\$900,000.00	
Other rolling stock	<u>11,125.60</u>	\$911,125.60

## FOR CONSTRUCTION AND BETTERMENTS

WEST SENECA TO NOTTINGHAM:		
New block signal system		\$ 63,901.80
LAKE VIEW TO CONNEAUT:		
Additional third and fourth main tracks, including right of way for same		357,817.11
BUFFALO:		
Eliminating grade crossings and new electric freight crane		96,612.40
WEST SENECA:		
Track connection with new yards at Gardenville		289,945.87
SILVER CREEK:		
Water supply pipe and connection with village water main		17,525.42
WESTFIELD:		
Balance account new interlocker and crossovers		7,124.04
ERIE:		
New water tank and stand pipe, land for additional right of way, new turntable at engine house and interlocker		10,143.64
ASHTABULA:		
New roundhouse, coaling plant, cinder pit and tracks, and new interlocker Penna. Co. crossing		118,997.55
PAINESVILLE:		
New two track arch over Grand River		256,574.25
ASHTABULA HARBOR:		
Extension and improvement of docks		828,018.69
NOTTINGHAM TO TOLEDO:		
New block signal system		46,435.84
NOTTINGHAM:		
New bridge over Neff road		5,806.82
COLLINWOOD:		
New freight car repair shop, laboratory building and various improvements at shop		<u>159,606.59</u>
Amount forward		\$2,258,510.02

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## CONSTRUCTION AND BETTERMENTS—Continued

	Amount brought forward	\$2,258,510.02
CLEVELAND:		
Additions to Pier and Central Way freight houses, elimination of grade crossing at Detroit street and additional yard, industrial and team tracks		48,421.24
WEST PARK TO ELYRIA:		
Additional third and fourth main tracks		35,903.88
BEREA:		
Land for additional right of way		7,990.61
ELYRIA:		
Additional machinery for coaling plant and land for elimination of farm crossings		30,461.56
SANDUSKY TO GYPSUM:		
Additional third main track		38,151.82
PORT CLINTON:		
Land for additional right of way		4,444.60
CLAY CENTER:		
Overhead crossing with T. Pt. C. & L. Ry.		11,000.00
AIR LINE DIVISION:		
New block signal system		155,699.30
TOLEDO:		
New freight house, team tracks and various other improvements		401,583.65
STRYKER TO EDGERTON:		
Additional third main track		44,335.30
MINA:		
New coaling plant		15,000.00
CORRUNA:		
Balance account new track tank plant		7,301.05
LIGONIER:		
Balance account new track tank plant		20,060.53
GOSHEN TO ELKHART:		
Additional third main track		25,851.15
ELKHART:		
Land for proposed locomotive repair shop, new freight car repair shop—West yard and other improvements		69,805.91
GRAND RAPIDS:		
New engine house, coal chute, tracks, etc.		12,758.97
	Amount forward	\$3,187,279.59

*The Lake Shore and Michigan Southern Railway Company*

## CONSTRUCTION AND BETTERMENTS—Concluded

Amount brought forward		\$3,187,279.59
ELKHART TO CHICAGO:		
New block signal system		74,660.13
LYDICK:		
Balance account new track tank plant		18,137.53
GARY:		
Land for new yards		100,928.98
MILLERS TO INDIANA HARBOR:		
Change of line		34,550.74
INDIANA HARBOR:		
New lift bridge over canal and improvements at elevator		100,850.34
GRAND CROSSING TO ENGLEWOOD:		
Elevation of tracks		323,576.97
CHICAGO:		
Elimination of grade crossing, 40th street, new turntable and tracks and addition to oil house, 18th street		22,985.35
DETROIT:		
Elimination of various grade crossings and changes to engine house		35,529.59
LANSING:		
New bridge—Lansing Transit Ry.		8,672.65
MISCELLANEOUS:		
Strengthening and renewing various bridges	\$ 44,631.08	
Various small structures, street gates, paving, etc.	134,757.39	
Additions to and changes in various interlockers	12,329.96	
Various passing and industrial sidings	137,634.69	329,353.12
Total		<u>\$4,236,524.99</u>
From this total there should be deducted:		
Land at Gary sold to Gary Land Co.	\$113,153.55	
Water and coaling plants, side tracks, etc., at Dune Park sold to C I & S R R	40,383.00	153,536.55
		<u>\$4,082,988.44</u>

On May 10, 1907, Mr. Barrett B. Mitchell was appointed General Freight Traffic Manager of the Company.

On December 10, 1907, Mr. Dewitt C. Moon was appointed General Manager of the Company to succeed Mr. Edward A. Handy, deceased.

W. H. NEWMAN,  
President.

*Annual Report**CONDENSED GENERAL BALANCE SHEET, DECEMBER 31, 1907**Assets**Cost of road and equipment*

Cost of road	\$66,700,000.00	
Cost of equipment	<u>24,800,000.00</u>	\$ 91,500,000.00

*Securities owned*

Stocks of sundry companies	\$90,516,839.74	
Bonds of sundry companies	8,194,655.24	
Equipment trust certificates	<u>3,341,000.00</u>	102,052,494.98

*Other property*

Real estate not used in operation of the road		436,661.50
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*Advances for lessor and other companies*

Jamestown & Franklin Railroad Company	\$ 870,938.67	
Lake Erie, Alliance & Wheeling Railroad Company	1,038,766.88	
Franklin & Clearfield Railroad Company	5,990,331.95	
Cleveland Short Line Railway Company	4,178,999.51	
Lake Erie & Pittsburgh Railway Company	<u>3,497,114.72</u>	15,576,151.73

*Fuel and supplies*

4,981,937.74

*Current assets*

Cash charged Treasurer	\$ 961,126.69	
Remittances in transit	1,127,088.98	
Due from agents and conductors	403,192.06	
Loans and bills receivable	7,091,358.65	
Traffic balances receivable	979,643.11	
Sundry accounts collectible	<u>7,452,921.94</u>	18,015,331.43

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\$232,562,577.38

*The Lake Shore and Michigan Southern Railway Company***CONDENSED GENERAL BALANCE SHEET, DECEMBER 31, 1907***Liabilities**Capital stock*

Common	\$49,466,500.00	
Guaranteed	<u>533,500.00</u>	\$ 50,000,000.00

*Funded debt*

Gold mortgage bonds	\$50,000,000.00	
Gold bonds of 1903	50,000,000.00	
Gold bonds of 1906	<u>35,000,000.00</u>	135,000,000.00

*Bonds of other roads assumed by this company*

Kalamazoo & White Pigeon first mortgage bonds		400,000.00
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Three year five per cent. gold notes of 1907		15,000,000.00
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*Current liabilities*

Audited pay rolls	\$ 1,434,927.66	
Audited vouchers	4,465,727.27	
Loans and bills payable	1,006,299.30	
Interest and rentals accrued	1,484,890.86	
Dividends payable January 29, 1908	3,957,320.00	
Dividends and interest unclaimed	69,783.04	
Sundry accounts payable	<u>630,600.30</u>	13,049,548.43

*Accounts with lessor companies*

Mahoning Coal Railroad Company		1,307,769.92
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Profit and loss		17,805,259.03
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\$232,562,577.38



*Annual Report***CAPITALIZATION***Capital stock*

Number of shares issued—Common	494,665	Total par value issued and out- standing	\$50,000,000.00
Number of shares issued—Guaranteed ten per cent.	5,335	Total par value authorized	\$50,000,000.00
Total number of shares outstanding	500,000	Par value per share	\$100.00
Number of shares authorized	500,000		

*Funded debt*

<u>Class of bond</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Amount of authorized issue</u>	<u>Amount issued and now outstanding</u>	<u>Rate of interest</u>	<u>Payable on the first days of</u>
Gold mortgage	1897	June 1, 1997	\$50,000,000.00	\$50,000,000.00	3½ %	{ December and June
Gold bonds	1903	Sept. 1, 1928	50,000,000.00	50,000,000.00	4 %	{ March and September
Gold bonds	1906	May 1, 1931	50,000,000.00	35,000,000.00	4 %	{ November and May

*Bonds of other roads assumed by this company*

Kalamazoo & White Pigeon	1890	Jan. 1, 1940	400,000.00	400,000.00	5 %	{ January and July
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*Treasurer, Room 219 Grand Central Station,  
New York*

*Union Trust Company, New York*

{ Transfers stock  
Pays dividends  
Transfers registered bonds  
Pays interest on coupon and registered bonds  
Registers stock

*The Lake Shore and Michigan Southern Railway Company***DETAIL OF EXPENSES****MAINTENANCE OF WAY AND STRUCTURES**

	1907	1906	Increase	Decrease
Repairs roadway	\$ 3,540,900.05	\$ 2,966,280.72	\$ 574,619.33	
Renewals of rails	423,772.48	598,092.44		\$174,319.96
Renewals of ties	1,162,452.14	797,467.30	364,984.84	
Repairs and renewals bridges and culverts	318,726.14	136,051.44	182,674.70	
Repairs and renewals fences, road crossings, etc.	167,792.02	144,503.15	23,288.87	
Repairs and renewals buildings and fixtures	605,988.23	570,855.93	35,132.30	
Repairs and renewals docks, wharves and machinery	47,776.44	41,640.15	6,136.29	
Repairs and renewals telegraph	37,327.70	48,997.76		11,670.06
Stationery and printing	23,268.27	18,208.04	5,060.23	
Other expenses	634.25	466.04	168.21	
<b>Totals</b>	<b>\$ 6,328,637.72</b>	<b>\$ 5,322,562.97</b>	<b>\$1,006,074.75</b>	

**MAINTENANCE OF EQUIPMENT**

	1907	1906	Increase	Decrease
Superintendence	\$ 151,036.13	\$ 175,512.48		\$ 24,476.35
Repairs locomotives	1,512,545.27	1,328,487.00	\$ 184,058.27	
Renewals locomotives	131,631.30	427,940.00		296,308.70
Repairs passenger cars	486,788.00	551,318.01		64,530.01
Renewals passenger cars	72,877.23	62,055.95	10,821.28	
Repairs freight cars	2,406,756.58	2,079,420.41	327,336.17	
Renewals freight cars	638,553.24	614,525.74	24,027.50	
Repairs work cars	99,805.49	94,877.58	4,927.91	
Renewals work cars	24,502.69	12,000.00	12,502.69	
Repairs and renewals marine equipment	12,910.98	7,007.19	5,903.79	
Repairs and renewals shop machinery and tools	181,517.23	201,599.60		20,082.37
Stationery and printing	25,556.21	24,533.69	1,022.52	
Other expenses	299,674.21	264,456.64	35,217.57	
<b>Totals</b>	<b>\$ 6,044,154.56</b>	<b>\$ 5,843,734.29</b>	<b>\$ 200,420.27</b>	

**CONDUCTING TRANSPORTATION**

	1907	1906	Increase	Decrease
Superintendence	\$ 465,584.58	\$ 431,677.14	\$ 33,907.44	
Enginemen	2,311,348.38	2,033,532.52	277,815.86	
Roundhousemen	485,538.82	422,091.86	63,446.96	
Fuel for locomotives	3,494,575.31	3,089,422.10	405,153.21	
Water supply for locomotives	215,576.80	190,783.59	24,793.21	
Oil, tallow and waste for locomotives	133,735.38	117,210.92	16,524.46	
Other supplies for locomotives	51,850.26	50,861.18	989.08	
Train service	1,572,561.61	1,440,039.38	132,522.23	
Oil, tallow and waste for cars	83,088.74	87,834.08		\$ 4,745.34
Train supplies and expenses	359,896.71	345,587.05	14,309.66	
Dining car expenses	29,393.33	34,487.20		5,093.87
Switchmen, flagmen and watchmen	1,754,154.01	1,579,352.07	174,801.94	
Telegraph expenses	464,464.34	430,929.46	33,534.88	
Station service	2,265,613.67	2,010,203.10	255,410.57	
Station supplies	182,025.89	178,363.31	3,662.58	
Switching charges—Balance	843,489.15	755,770.24	87,718.91	
Car mileage—Balance	* 92,575.12	551,383.21		643,958.33
Hire of equipment	* 233,530.11	110,957.55		122,572.56
Loss and damage	509,997.89	408,861.06	101,136.83	
Injuries to persons	337,866.28	315,299.46	22,566.82	
Clearing wrecks	60,481.53	47,361.94	13,119.59	
Advertising	122,318.68	73,857.19	48,461.49	
Outside agencies	451,243.56	443,327.38	7,916.18	
Stock yards and elevators	5,232.45	3,321.50	1,910.95	
Rents for tracks, yards and terminals	179,998.73	181,239.84		1,241.11
Rents of buildings and other property	52,227.57	49,448.06	2,779.51	
Stationery and printing	225,282.10	199,266.12	26,015.98	
Restaurant expenses		689.81		689.81
Other expenses	19,470.05	14,949.28	4,520.77	
<b>Totals</b>	<b>\$16,350,910.59</b>	<b>\$15,376,192.50</b>	<b>\$ 974,718.09</b>	

\*Credits

*Annual Report**DETAIL OF EXPENSES—Concluded*

GENERAL EXPENSES				
	1907	1906	Increase	Decrease
Salaries of general officers	\$ 154,176.61	\$ 143,416.35	\$ 10,760.26	
Salaries of clerks and attendants	467,364.71	359,997.35	107,367.36	
General office expenses and supplies	34,250.53	34,503.61		\$ 253.08
Insurance	2,752.84	2,087.49	665.35	
Law expenses	83,858.62	65,273.92	18,584.70	
Stationery and printing, (general offices)	48,649.42	56,343.28		7,693.86
Other expenses	29,591.67	47,966.01		18,374.34
Totals	\$ 820,644.40	\$ 709,588.01	\$ 111,056.39	
Total Operating Expenses	\$29,544,347.27	\$27,252,077.77	\$2,292,269.50	

*Percentage of Operating Expenses to Gross Earnings by Groups*

	1907	1906
Maintenance of way and structures	14.08	12.51
Maintenance of equipment	13.44	13.74
Conducting transportation	36.37	36.14
General expenses	1.83	1.67
Total	65.72	64.06

*The Lake Shore and Michigan Southern Railway Company**FIRST CHARGES**Interest on bonds*

Interest 3½ % per annum on Gold mortgage bonds	\$1,750,000.00	
Interest 4 % per annum on Gold bonds of 1903	2,000,000.00	
Interest 4 % per annum on Gold bonds of 1906	1,400,000.00	
Interest 5 % per annum on Kalamazoo & White Pigeon mortgage bonds	<u>20,000.00</u>	\$5,170,000.00
Interest 5 % per annum on Gold notes of 1907		616,118.08
Dividend 14% on 5,335 shares L. S. & M. S. Ry. guaranteed stock		74,690.00
Rental of leased lines		1,420,243.93

*Taxes*

New York	\$ 64,375.03	
Pennsylvania	38,451.63	
Ohio	586,653.18	
Michigan	253,196.29	
Indiana	304,898.16	
Illinois	<u>53,300.37</u>	1,300,874.66

Interest on loans and bills payable	<u>163,790.82</u>
Total first charges	<u>\$8,745,717.49</u>

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*DIVIDENDS*

Payable July 29th, 1907, 6 % on 494,665 shares of capital stock	\$2,967,990.00
Payable Jan. 29th, 1908, 8 % on 494,665 shares of capital stock	<u>3,957,320.00</u>
Total	<u>\$6,925,310.00</u>

*Annual Report***STOCKS AND BONDS OWNED***Stocks*

	Number of Shares	Total par value
Battle Creek & Sturgis Railway Co	825	\$ 82,500.00
Central Trunk Railway Co	238	11,900.00
Chicago, Indiana & Southern Railroad Co preferred	50,000	5,000,000.00
Chicago, Indiana & Southern Railroad Co	120,000	12,000,000.00
Chicago, Kalamazoo & Saginaw Railway Co preferred	1,800	180,000.00
Chicago, Kalamazoo & Saginaw Railway Co	1,800	180,000.00
Cleveland, Cincinnati, Chicago & St. Louis Railway Co	302,077	30,207,700.00
Cleveland Short Line Railway Co	2,500	250,000.00
Detroit & Chicago Railroad Co	10,000	1,000,000.00
Detroit, Monroe & Toledo Railroad Co	4,141	414,100.00
Detroit, Toledo & Milwaukee Railroad Co	7,500	750,000.00
Detroit Terminal Railroad Co	933	93,300.00
Elkhart & Western Railroad Co	4,598	229,900.00
Franklin & Clearfield Railroad Co	5,550	555,000.00
Hocking Valley Railway Co	11,540	1,154,000.00
Indiana Harbor Belt Railroad Co	12,250	1,225,000.00
Jackson Coal Railroad Co	680	34,000.00
Jamestown & Franklin Railroad Co	11,733	586,650.00
Kalamazoo & White Pigeon Railroad Co	2,309	230,900.00
Lake Erie, Alliance & Wheeling Railroad Co }	50,000	5,000,000.00
Lake Erie, Alliance & Wheeling Coal Co }		
Lake Erie & Pittsburgh Railway Co	100	10,000.00
Lake Erie & Western Railroad Co preferred	59,300	5,930,000.00
Lake Erie & Western Railroad Co	59,400	5,940,000.00
Lake Shore & Michigan Southern Railway Co	39	3,900.00
Lansing Transit Railway Co	10	1,000.00
Lehigh Valley Railroad Co	114,000	5,700,000.00
Mahoning Coal Railroad Co preferred	7,990	399,500.00
Mahoning Coal Railroad Co	17,318	865,900.00
Mahoning State Line Railroad Co	11	550.00
Merchants Despatch Transportation Co	23,335	2,333,500.00
New York, Chicago & St. Louis Railroad Co 1st preferred	25,030	2,503,000.00
New York, Chicago & St. Louis Railroad Co 2nd preferred	62,750	6,275,000.00
New York, Chicago & St. Louis Railroad Co	62,400	6,240,000.00
Northern Central Michigan Railroad Co	5,985	598,500.00
Pittsburgh & Lake Erie Railroad Co	100,002	5,000,100.00
Reading Company 1st preferred	121,300	6,065,000.00
Reading Company 2nd preferred	285,300	14,265,000.00
Reading Company	200,050	10,002,500.00
Sturgis, Goshen & St. Louis Railway Co	3,000	300,000.00
Swan Creek Railway Co	400	40,000.00
Taylor Street Warehouse Co	100	10,000.00
Terminal Railway of Buffalo	5,000	500,000.00
Total par value stocks		\$132,168,400.00

*Bonds*

	Total amount held
Chicago, Indiana & Southern Railroad Co First mortgage	\$ 7,000,000.00
Elkhart & Western Railroad Co First mortgage	200,000.00
Jamestown & Franklin Railroad Co First mortgage	298,000.00
Jamestown & Franklin Railroad Co Second mortgage	500,000.00
Terminal Railway of Buffalo First mortgage	500,000.00
Total par value bonds	\$ 8,498,000.00
Grand total par value stocks and bonds	\$140,666,400.00

The above securities are carried on the books of the company at a total value of

\$ 98,711,494.98

*The Lake Shore and Michigan Southern Railway Company***TRAFFIC STATISTICS****FREIGHT CARRIED AND TON MILEAGE**

	1907	1908	Increase	Decrease
Tons of freight earning revenue	34,281,946	33,835,932	446,014	
Tons of company freight	3,289,630	3,567,143		277,513
Total number of tons carried	37,571,576	37,403,075	168,501	
Tons of revenue freight carried one mile	5,741,263,554	5,621,502,883	119,760,671	
Tons of company freight carried one mile	262,790,359	325,647,852		62,857,493
Total number of tons carried one mile	6,004,053,913	5,947,150,735	56,903,178	

**DESCRIPTION OF FREIGHT MOVED**

	1907 Tons	1908 Tons	Increase Tons	Decrease Tons
<b>PRODUCTS OF AGRICULTURE</b>				
Grain	1,898,861	1,891,230	7,631	
Flour	449,463	472,795		23,332
Other mill products	387,118	353,958	33,160	
Hay	230,427	191,047	39,380	
Tobacco	23,230	16,322	6,908	
Cotton	38,986	36,811	2,175	
Fruits and vegetables	277,283	269,783	7,500	
Other articles	203,864	144,549	59,315	
<b>PRODUCTS OF ANIMALS</b>				
Live stock	533,674	532,122	1,552	
Dressed meats	159,132	175,199		16,067
Other packing house products	127,541	116,113	11,428	
Poultry, game and fish	58,092	56,062	2,030	
Wool	12,615	12,971		356
Hides and leather	39,081	45,790		6,709
Dairy products	89,475	66,742	22,733	
Other articles	54,903	76,978		22,075
<b>PRODUCTS OF MINES</b>				
Anthracite coal	1,170,065	1,021,603	148,462	
Bituminous coal	7,896,565	8,285,810		389,245
Coke	1,359,254	1,337,355	21,899	
Ores	5,275,703	5,429,498		153,795
Stone, sand and other like articles	2,847,465	3,028,989		181,524
Other articles	298,997	145,541	153,456	
<b>PRODUCTS OF FOREST</b>				
Lumber	830,672	842,440		11,768
Other articles	204,047	224,273		20,226
<b>MANUFACTURES</b>				
Petroleum and other oils	554,172	541,285	12,887	
Sugar	114,910	105,842	9,068	
Naval stores	6,053	2,356	3,697	
Iron, pig and bloom	936,864	872,949	63,915	
Iron and steel rails	286,098	316,927		30,829
Other castings and machinery	758,475	1,038,513		280,038
Bar and sheet metal	1,083,147	1,254,701		171,554
Cement, brick and lime	1,013,636	1,133,993		120,357
Agricultural implements	93,721	126,745		33,024
Wagons, carriages, tools, etc.	163,848	113,977	49,871	
Wines, liquors and beers	130,219	118,143	12,076	
Household goods and furniture	104,975	76,515	28,460	
Other articles	3,934,774	2,318,361	1,616,413	
<b>MISCELLANEOUS</b>				
Other commodities not previously mentioned	634,541	1,041,644		407,103
<b>TOTAL</b>	<b>34,281,946</b>	<b>33,835,932</b>	<b>446,014</b>	

## Annual Report

## TRAFFIC STATISTICS—Continued

## PASSENGERS CARRIED AND TICKET MILEAGE

	1907	1908	Increase	Decrease
Interline passengers	1,100,931	985,968	114,963	
Local passengers	7,330,235	6,209,774	1,120,461	
Total number of passengers carried	8,431,166	7,195,742	1,235,424	
Passengers carried one mile	488,654,632	422,413,859	66,240,773	

## TRAIN MILEAGE

Freight trains	9,108,434	8,665,574	442,860	
Passenger trains, exclusive of straight mail and express trains	7,361,612	7,026,576	335,036	
Mail and express trains exclusive	994,149	870,417	123,732	
Mixed trains	175,296	335,604		160,308
Work trains	633,550	649,754		16,204
Total train mileage	18,273,041	17,547,925	725,116	

## ENGINE MILEAGE

Freight engines	11,353,531	11,348,370	5,161	
Passenger engines	8,805,511	8,290,445	515,066	
Switching engines	7,500,923	7,077,778	423,145	
Work engines	1,357,801	1,378,566		20,765
Total engine mileage	29,017,766	28,095,159	922,607	

## CAR MILEAGE

Loaded freight cars	274,549,595	277,026,585		2,476,990
Empty freight cars (including caboose car mileage)	115,286,749	112,749,857	2,536,892	
Total freight car mileage	389,836,344	389,776,442	59,902	
Passenger cars	55,037,716	52,357,686	2,680,030	
Work cars	6,458,992	8,356,074		1,897,082
Total car mileage	451,333,052	450,490,202	842,850	
Miles of road, including trackage, oper- ated in freight service	1,520.35	1,520.35		
Miles of road, including trackage, oper- ated in passenger service	1,539.05	1,539.05		

*The Lake Shore and Michigan Southern Railway Company***TRAFFIC STATISTICS—Concluded****FREIGHT RESULTS**

	1907	1908	Increase	Decrease
Earnings from transportation	\$30,596,387.38	\$29,288,235.31	\$1,308,152.07	
Earnings from miscellaneous sources	515,094.74	473,961.80	41,132.94	
Total freight earnings	\$31,111,482.12	\$29,762,197.11	\$1,349,285.01	
Earnings per ton	cts. 89.2	cts. 86.6	cts. 2.6	
Earnings per ton per mile.	cts. 0.533	cts. 0.521	cts. 0.012	
Earnings per train mile	\$3.30	\$3.25	\$0.05	
Earnings per mile of road operated in freight } service—trackage included }	\$20,463.37	\$19,575.89	\$ 887.48	
Density of freight traffic ( <i>i. e.</i> tons carried } one mile per mile of road) }	3,949,126	3,911,698	37,428	
Average number of tons of revenue-earning } freight carried per train mile }	618.4	624.5		6.1
Average number of tons of all freight (in- } cluding company's) carried per train mile }	646.7	660.7		14.0
Average number of revenue tons per loaded } car mile }	20.9	20.3	0.6	
Average number of all tons per loaded car } mile }	21.9	21.5	0.4	
Average number of miles one ton carried, } revenue freight }	167.5	166.1	1.4	
Average number of miles one ton carried, all } freight (including company's) }	159.8	159.0	0.8	
Average number of loaded cars per train mile	29.6	30.8		1.2
Average number of empty cars per train mile	12.4	12.5		0.1
Average number of freight cars per train mile	42.0	43.3		1.3

**PASSENGER RESULTS**

Earnings from passengers	\$9,613,351.70	\$8,560,805.96	\$1,052,545.74	
Other passenger train earnings	151,199.50	150,407.18	792.32	
From miscellaneous sources	5,321.75	4,489.60	832.15	
Total passenger earnings	\$9,769,872.95	\$8,715,702.74	\$1,054,170.21	
Earnings from mail and express	\$3,392,860.41	\$3,390,004.29	\$ 2,856.12	
Earnings per passenger	\$1.14	\$1.19		\$0.05
Earnings per passenger per mile	cts. 1.967	cts. 2.027		cts. 0.060
Earnings per train mile, excluding mail and } express }	\$1.30	\$1.18	\$0.12	
Earnings per train mile, including mail and } express }	\$1.54	\$1.47	\$0.07	
Earnings per mile of road operated in pas- } senger service, trackage included; includ- } ing mail and express }	\$8,552.51	\$7,865.70	\$686.81	
Density of passenger traffic ( <i>i. e.</i> passengers } carried one mile per mile of road) }	317,504	274,464	43,040	
Average number of passenger cars per train } mile }	6.45	6.36	.09	
Average number of passengers per train mile	64.83	57.38	7.45	
Average number of miles one passenger carried	57.96	58.70		.74



## Annual Report

TABLE OF TRACKS

MAIN LINE	Miles	Second Track	Third Track	Fourth Track	Sidings	Total
Buffalo to Toledo, via Norwalk	295.92	215.27	155.19	112.06	383.16	1,161.60
Toledo to Chicago, via Adrian	244.12	96.48	5.65	5.63	304.29	656.17
<i>Total main line</i>	<u>540.04</u>	<u>311.75</u>	<u>160.84</u>	<u>117.69</u>	<u>687.45</u>	<u>1,817.77</u>
BRANCHES						
Ashtabula to Ohio-Penna. State Line	30.72	4.67			9.68	45.07
Ashtabula to Ashtabula Harbor	2.33				42.42	44.75
Elyria Jct. to Millbury Jct. via Sandusky	73.24	73.19	3.72		71.11	221.26
Sandusky Jct. to Old Pier Depot	3.88				3.35	7.23
Air Line Jct. to Elkhart, via Air Line	131.10	131.87	23.94	5.38	54.24	346.53
Air Line Jct. to Ohio-Mich. State Line	7.61	2.27			6.88	16.76
Monroe to Lenawee Jct.	29.45				5.80	35.25
Lenawee Jct. to Jackson	42.16				5.85	48.01
Plymouth to Mann—low grade line	18.10				8.50	26.60
<i>Total branches</i>	<u>338.59</u>	<u>212.00</u>	<u>27.66</u>	<u>5.38</u>	<u>207.83</u>	<u>791.46</u>
<i>Total main line and branches</i>	<u>878.63</u>	<u>523.75</u>	<u>188.50</u>	<u>123.07</u>	<u>895.28</u>	<u>2,609.23</u>
PROPRIETARY LINES (OWNED WHOLLY BY THIS COMPANY)						
Central Trunk Railroad						
Ohio-Penna. State Line to Jamestown	5.26				.08	5.34
Detroit, Monroe & Toledo Railroad						
Ohio-Mich. State Line to Detroit	54.76				31.30	86.06
Detroit and Chicago Railroad						
Grosvenor to Fayette	25.56				2.63	28.24
Northern Central Michigan Railroad						
Jonesville to North Lansing	61.36				9.78	71.14
Sturgis, Goshen & St. Louis Railway						
Goshen to Sturgis	28.93				1.75	30.68
Elkhart and Western Railroad						
Elkhart to Mishawaka	11.72				8.95	20.67
Kalamazoo and White Pigeon Railroad						
White Pigeon to Kalamazoo	36.54				10.17	46.71
<i>Total proprietary lines</i>	<u>224.13</u>				<u>64.71</u>	<u>288.84</u>
LEASED LINES						
Jamestown and Franklin Railroad						
Jamestown to Oil City	50.91				23.25	74.16
Mahoning Coal Railroad						
Andover to Youngstown	38.31	10.91			34.11	83.33
Branch to Keel Ridge	0.73				.19	.92
Sharon Branch	8.31				9.99	18.30
Mann to Brookfield—low grade line	24.51				11.12	35.63
Jackson Coal Railroad at Branch					4.10	4.10
Detroit, Toledo & Milwaukee Railroad						
Dundee to Homer	66.58				6.51	73.09
Detroit, Hillsdale & Southwestern R. R.						
Ypsilanti to Bankers	64.76				4.47	69.23
Fort Wayne and Jackson Railroad						
Jackson to Ft. Wayne	97.83				18.13	115.96
Kalamazoo, Allegan & Grand Rapids R. R.						
Kalamazoo to Grand Rapids	58.45				14.75	73.20
Battle Creek and Sturgis Railroad						
Sturgis to Findlay	7.20				.63	7.83
<i>Total leased lines</i>	<u>417.59</u>	<u>10.91</u>			<u>127.25</u>	<u>555.75</u>
<i>Total main line, proprietary and leased lines</i>	<u>1,520.35</u>	<u>534.66</u>	<u>188.50</u>	<u>123.07</u>	<u>1,087.24</u>	<u>3,453.82</u>

TABLE OF TRACKS ACCORDING TO STATES

STATE	Miles	Second Track	Third Track	Fourth Track	Sidings	Total
New York	69.50	67.84	61.12	34.82	95.43	328.71
Pennsylvania	102.49	43.96	43.60	33.04	73.81	296.90
Ohio	469.75	262.06	68.32	49.58	526.04	1,375.75
Michigan	606.10				134.16	740.26
Indiana	258.49	153.17	14.92	5.11	184.82	616.51
Illinois	14.02	7.63	.54	.52	72.98	95.69
	<u>1,520.35</u>	<u>534.66</u>	<u>188.50</u>	<u>123.07</u>	<u>1,087.24</u>	<u>3,453.82</u>

*The Lake Shore and Michigan Southern Railway Company***EQUIPMENT****EQUIPMENT—OWNED****LOCOMOTIVES**

	1907	1908
Passenger service	152	168
Freight service	391	390
Switching service	265	263
Total	<u>808</u>	<u>821</u>
Average miles run per locomotive in service	35,045	38,329

**COST PER MILE RUN**

	Cents	Cents
Repairs	5.21	4.73
Enginemen	8.36	7.64
Round-house labor	1.74	1.57
Fuel	12.40	11.39
Water supply	.74	.68
Lubricating oil and waste	.29	.24
Other supplies	.37	.38
Total cents	<u>29.11</u>	<u>26.63</u>
Miles run per ton of coal	14.19	14.75

**FUEL CONSUMED**

Coal—number of tons	2,044,887	1,904,203
Average price per ton	\$1.76	\$1.66
Total cost	\$3,598,089.82	\$3,089,422.10
Cost of fuel per engine mile (excluding work engine mileage)	cts. 12.55	cts. 11.56

**CARS IN PASSENGER SERVICE**

Passenger cars	234	240
Smoking cars	61	62
Combination cars	46	51
Emigrant cars	4	4
Baggage cars	165	159
Postal cars	60	58
Dining and buffet cars	27	23
Horse cars	6	6
Officers' and pay cars	11	11
Air brake instruction car	1	
Total	<u>615</u>	<u>614</u>
Total seating capacity of revenue passenger cars	21,917	22,497
Cost of repairs (excluding renewals) per passenger car mile	cts. 0.884	cts. 1.053

*Annual Report*

*EQUIPMENT—Continued*  
*EQUIPMENT OWNED—Concluded*

CARS IN FREIGHT SERVICE

	1907	1908
Box cars	15,517	15,042
Stock cars	349	438
Flat cars	3,904	3,091
Gondola cars, drop bottom	6,410	7,409
Gondola cars, drop bottom, steel	1	
Gondola cars, hopper bottom, steel	5,499	6,929
Gondola cars, plain composite	1,000	1,000
Gondola cars, self clearing, steel	1,498	
Coal and ore cars, side dump	165	180
Coke cars	1,046	1,078
Caboose cars	436	419
Total	<u>35,825</u>	<u>35,586</u>
Total capacity of freight cars (tons)	1,322,577	1,306,088
Average capacity of freight cars (tons)	37.37	37.14

CARS IN COMPANY'S SERVICE

Ballast cars, steel	80	80
Ballast cars, wood	584	584
Derrick cars	27	19
Steam shovels	12	12
Pile drivers	4	4
Snow plows	12	16
Tool and other work cars	754	753
Total	<u>1,473</u>	<u>1,468</u>
Total cars, all classes	<u>37,913</u>	<u>37,668</u>

FLOATING EQUIPMENT

Tugs	2	2
Dredges	1	1
Scows	4	4
Naptha launch	1	1
Total	<u>8</u>	<u>8</u>

*The Lake Shore and Michigan Southern Railway Company**EQUIPMENT—Concluded*  
*LEASED UNDER EQUIPMENT TRUST*

## LOCOMOTIVES

	1907
Passenger service	45
Freight service	45
Switching service	32
Total	<u>122</u>

## CARS IN PASSENGER SERVICE

Passenger cars	<u>25</u>
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## CARS IN FREIGHT SERVICE

Box cars	1,000
Gondola cars, hopper bottom, steel	1,668
Gondola cars, self clearing, steel	1,000
Total	<u>3,668</u>

## CARS IN COMPANY'S SERVICE

Ballast cars, steel	<u>200</u>
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*LEASED UNDER RENTAL AGREEMENT*

## CARS IN FREIGHT SERVICE

Box cars	1,107
Stock cars	291
Total	<u>1,398</u>

3668  
1107  
291  
1398

